BALANCED BUDGET REQUIREMENTS IN NORTH AMERICA

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BALANCED BUDGET REQUIREMENTS IN NORTH AMERICA

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INTRODUCTION

Creating legal requirements for governments to balance their budgets is one way North American legislatures have dealt with debt and deficit problems. The first to pass balanced budget legislation or constitutional amendments were state legislatures in the United States after they were confronted with fiscal insolvency in the wake of the 1837 depression. Balanced budget requirements did not become popular at the federal level until the explosion of public spending in the latter half of this century.

In Canada, balanced budget legislation has only become popular over the past five years. The size of federal and provincial debts, combined with the rise of American-style fiscal conservatism as a political force, led some Canadian political parties to search south of the border for ways to demonstrate their commitment to budget balancing. Their search has resulted in the passage of legislation in Alberta, Saskatchewan, Manitoba, New Brunswick and the Northwest Territories which requires provincial governments to eliminate existing deficits and operate in the future with balanced budgets.

This paper discusses the origins of formal balanced budget requirements in the United States and surveys some of the major differences in these requirements at both the state and federal level. The specifics of the recent spate of Canadian balanced budget legislation is examined next: balanced budget and debt elimination requirements, extenuating circumstances for incurring deficits, reporting and punitive actions. The paper concludes with some reflections on the success of balanced budget legislation in the United States and the prospects for success in Canada.

BALANCED BUDGET REQUIREMENTS IN THE UNITED STATES

The idea of forcing American governments to balance their budgets is not new. In fact, during the founding Constitutional Convention of 1787 a lively debate ensued over including formal limits to the federal government's power to borrow in the Constitution itself. Thomas Jefferson, writing to a friend in favour of constitutional limitations, believed that although balancing the federal budget would be difficult in times of war and economic hardship, limits on federal spending would ultimately restrict the scope of federal powers and protect those of the states. Opponents of constitutional limitations included James Madison and Alexander Hamilton.[1]

Balancing State Budgets

Even though the debate originated at the federal level, it was state legislatures who first enshrined balanced budget requirements in their constitutions or in legislation. The catalyst was the depression of 1837, which forced many states into financial insolvency. By the turn of the century, well over half of the states had placed constitutional or legislative limits upon spending and/or taxation. At the dawn of the twenty-first century, only Vermont has not followed suit.[2] The remainder of this section explores the different types of balanced budget requirements existent at the state level, as well as some of the more significant differences between them.

Balanced Budget Requirements

There are actually three different ways balanced budget requirements have been put into practice by American states. First, the governor may be required to present a balanced budget to the legislature. Second, the legislature may be required to pass a balanced budget. Third, the governor may be required to sign a balanced budget.[3] As the following table illustrates, most states have included at least two of these requirements in their constitutions or in legislation:

Table I: Types of Balanced Budget Requirements

State	Governor Must Submit Balanced Budget	Legislature Must Pass Balanced Budget	Governor Must Sign Balanced Budget
Alabama	S*	S	S
Alaska	C**,S	C,S	-
Arizona	S	S	-
Arkansas	S	S	-
California	C	-	-
Colorado	S	C	C
Connecticut	S	-	-
Delaware	C,S	C,S	C,S
Florida	C,S	C,S	C,S
Georgia	C	C	C
Hawaii	C,S	-	C,S
Idaho	-	C	-
Illinois	C,S	C	-
Indiana	C	C	C
Iowa	C,S	-	-
Kansas	S	C,S	-
Kentucky	C,S	C,S	C,S
Louisiana	C,S	C	C,S
Maine	C,S	C	C,S
Maryland	C	C	-
Massachusetts	C	C	C
Michigan	C,S	C	C,S
Minnesota	S	S	C,S
Mississippi	S	S	-
Missouri	C	-	C
Montana	S	C	-
Nebraska	C	-	-
Nevada	S	C	C
New Hampshire	S	-	-
New Jersey	C	C	C
New Mexico	C	C	C
New York	C	-	-
North Carolina	C,S	S	-
North Dakota	C	C	C
Ohio	C	C	C
Oklahoma	C,S	C	C
Oregon	C	C	C
Pennsylvania	C,S	-	C
Rhode Island	C	C	S
South Carolina	C	C	C
South Dakota	C	C	C
Tennessee	C	C	C
Texas	-	C,S	-
Utah	C,S	C,S	S
Vermont	-	-	-
Virginia	-	-	-
Washington	S	-	-
West Virginia	-	C	C
Wisconsin	C	C	-
Wyoming	-	-	-

*S=Statutory requirement, **C=Constitutional requirement

Which Funds Have to be Balanced?

Unlike Ontario's single Consolidated Revenue Fund, state budgets are composed of a variety of funds. A typical state budget can include one or more of the following funds:

- a General Fund, which is basically the operating fund;
- Federal Funds, which include reimbursements for Medicaid, block grants and highway construction;
- Special Revenue Funds, which are earmarked for specific purposes;
- a Capital Fund, at least some of which is usually funded through long-term borrowing;
- Trust Funds, such as highway trust funds, in which motor fuel taxes are used to finance highway construction and maintenance.[4]

The following table shows which funds are covered by states' balanced budget requirements and the resulting proportion in each state's overall budget which is covered:

Table II: Funds Covered by Balanced Budget Requirements

State	Funds Covered	Percent of Overall Budget Covered	Enforcement Provision
Alabama	G,C,T,S,F,O	75-100	yes
Alaska	G,C,T,S,F,O	75-100	no
Arizona	G	75-100	yes
Arkansas	G,C,T,S,F	75-100	yes
California	G,C,T,S,F,O	75-100	no
Colorado	G,C	50-75	yes
Connecticut	G,S,T,S,F,O	75-100	yes
Delaware	G,S	50-75	no
Florida	G,C,T,S,F	75-100	yes
Georgia	G,C,F	75-100	no
Hawaii	G,C,T,S,F,O	75-100	no
Idaho	G	25-50	no
Illinois	G,C,T,S,F,O	75-100	no
Indiana	N/A	N/A	no
Iowa	G,C,T,S,F,O	75-100	no
Kansas	G,T,S,F	75-100	yes
Kentucky	G,C,T,S,F	75-100	no
Louisiana	G,C,T,O	50-75	yes
Maine	G,C,T,S,F,O	75-100	no
Maryland	G,S,F,O	75-100	no
Massachusetts	G,C,T,S,F,O	75-100	yes
Michigan	G,C,S,F,O	75-100	yes
Minnesota	G,C,T,S,F,O	75-100	yes
Mississippi	G	25-50	yes
Missouri	G,C,T,S,F,O	75-100	no
Montana	G,C,T,S,F,O	75-100	no
Nebraska	G,C,T,S,F	75-100	yes
Nevada	G,C,T,S,F	75-100	yes
New Hampshire	G,C,S,F,O	75-100	no
New Jersey	G,C,S,F,O	75-100	no
New Mexico	G	50-75	no
New York	G	50-75	no
North Carolina	G,C,T,S,F,O	75-100	no
North Dakota	G,C,T,S,F,O	75-100	no
Ohio	G,C,T,S,F	75-100	no
Oklahoma	G,C,T,S,F	75-100	yes
Oregon	G,C,T,S,F,O	75-100	yes
Pennsylvania	G,S,F	75-100	yes
Rhode Island	G	50-75	no
South Carolina	G,S,F	75-100	yes
South Dakota	G,C,T,S,F,O	75-100	yes
Tennessee	G,T,S,F	50-75	yes
Texas	G,C,T,S,F,O	75-100	yes
Utah	G,O	50-75	no
Vermont	N/A	N/A	no
Virginia	G,C,T,S,F,O	75-100	yes
Washington	G,C,T,S,F,O	75-100	no
West Virginia	G,O	25-50	no
Wisconsin	G,O	50-75	yes
Wyoming	G,C,T,S,F	75-100	no

G=General Fund C=Capital Funds T=Trust Funds
S=Special Funds F=Federal Funds O=Other

Enforcement Mechanisms

As Table II shows, only 23 states have a formal enforcement mechanism in place. This is typically a constitutional limit on debt, either in the form of a fixed amount (as in Arkansas, where it is set at $165 million) or as a proportion of revenue (as in Mississippi, which has a limit of 1.5% of total revenues).[5] Seven states have formal limits on spending as well. In Connecticut, for instance, spending is limited to the greater of either a) the increase in inflation or b) the five-year average growth in personal income.

Despite these limited enforcement measures, most observers believe that public opinion is the most important factor in forcing states to meet balanced budget requirements. As the National Association of State Budget Officers (NASBO) noted in its report on the subject, "it is the tradition of balancing budgets, the mind-set this tradition creates, and the importance placed on balanced budgets that result in states complying with their requirements."[6] Public opinion poll results over the past half century indicate how central balanced budgets are to the American political psyche: they repeatedly show that the American public favours a balanced budget by 2:1.[7] The role of public opinion in balancing government budgets is examined in more depth in the conclusion to this paper.

Rainy Day Funds and Other Accounting Techniques

To meet balanced budget requirements in lean years, 47 states have created Budget Stabilization or "Rainy Day" funds from which they can draw when revenues are less than expected.[8] In two states where such funds exist (Alaska and North Dakota), any surplus in overall expenditures is automatically transferred into the "Rainy Day" fund at the end of the fiscal year. In the remaining 45 states, an amount based on a specific formula is transferred. In South Carolina, for example, the constitution requires a contribution to the "Rainy Day" fund equal to 3 % of General Fund Revenues from the previous fiscal year plus 2 % of the Capital Fund Reserve. In Pennsylvania, the amount transferred is equal to 3 % of the estimated General Fund revenue gained from non-real property sales and an annual transfer of 10 % of the General Fund year-end surplus.[9]

"Rainy Day" funds are not the only way states meet balanced budget obligations. Quite often, states also employ other accounting techniques to avoid running afoul of budget requirements. These can include:

- Overestimating spending and underestimating revenues in the budget;

- Shifting programs from the General Fund to a fund not covered by the balanced budget requirement. For example, spending on the highway patrol may be moved to the special highway fund;

- Accelerating tax collections. For example, change from quarterly payments to monthly payments, enabling the collection of more than one year's revenues in the transition year;

- Capitalizing some budget items to take them out of covered funds;

- If the accounting system is cash-based, borrowing short-term to roll a deficit from one fiscal year into the next by allowing an infusion of cash into the current year while postponing the liability;

- Deferring expenditures to the following year; or

- Transferring individual program expenditures to local governments for the fiscal year.[10]

Balancing the Federal Budget: Constitutional Amendments

Even though the idea of placing formal limits upon the federal government's power has been around since 1787, the first time a constitutional amendment was actually debated in Congress was in 1936. This particular amendment arose out of Republicans' fear that the federal debt, which grew for the first time since the First World War with the cost of President Roosevelt's New Deal, would become unmanageable. Like the 42 balanced budget proposals which have since been debated in Congress, the 1936 proposal did not receive the super-majority support of Congress (i.e., two-thirds of each House) which is required to initiate all constitutional amendments at the federal level.[11]

Congress' most recent effort to pass a balanced budget amendment came in 1995 as part of the majority Republican Party's "Contract with America." Relevant parts of the 1995 amendment were as follows:

> Section 1. Total outlays for any fiscal year shall not exceed total receipts for that fiscal year, unless three-fifths of the whole number of each House of

> Congress shall provide by law for a specific excess of outlays over receipts by a roll-call vote.
>
> Section 2. The limit on the debt of the United States held by the public shall not be increased, unless three-fifths of the whole number of each House shall provide by law for such an increase by a roll-call vote.
>
> ...
>
> Section 5. The Congress may waive the provisions of this article for any fiscal year in which a declaration of war is in effect. The provisions of this article may be waived for any fiscal year in which the United States is engaged in military conflict which causes an imminent and serious military threat to national security and is so declared by a joint resolution, adopted by a majority of the whole number of each House, which becomes law.[12]

On January 26, 1995, the Republican-dominated House of Representatives achieved easily the two-thirds majority required to initiate a constitutional amendment with a vote of 412 to 18. On March 2, the Senate failed narrowly to achieve the two-thirds majority, by a vote of 65 to 35, thereby causing the most recent balanced budget amendment to fail.

Federal Balanced Budget Legislation

Balanced budget legislation has been a more successful avenue for implementing balanced budget requirements at the federal level than constitutional amendments. The first time Congress adopted legislative restrictions on government spending, in fact, was in 1917 with the *Second Liberty Bond Act.* More recently, Congress passed the *Gramm-Rudman-Hollings Act* in 1985.

In theory, the *Gramm-Rudman-Hollings Act* was designed to help Congress overcome the politically sensitive task of reducing government spending, which until 1985 had been done on an item-by-item basis. The *Gramm-Rudman-Hollings Act* changed this practice by establishing yearly deficit reduction targets to be achieved through overall budget cuts. In practice, the Act failed because a series of events (including the deepest economic recession since the 1930s, the savings and loan bailout and the cost of the war with Iraq) caused

government revenues to plummet and expenditures to rise sharply, thus making the Act's deficit targets economically unrealistic.[13] In the wake of these events, the *Gramm-Rudman-Hollings Act* was replaced by a 1990 budget agreement between Congress and the President which allowed the federal deficit to rise as long as new spending caps for appropriation bills were adhered to and taxes were not increased to meet revenue shortfalls. While no new balanced budget legislation has since been passed, many expect the Republicans in Congress to reconsider such legislation after the defeat of their balanced budget amendment proposal.[14]

BALANCED BUDGET LEGISLATION IN CANADA

Formal balanced budget requirements are a much more recent phenomenon in Canada than in the United States. While Canadian governments have certainly experienced budget deficits before, the current level of governments' accumulated debt has caused Canadians to view debt and deficit elimination as two of the highest priorities for public policy action.[15] And Canadian political parties have not been oblivious to the public's concerns. Influenced by American-style fiscal conservatism, Canadian parties have begun to embrace balanced budget legislation as one way to demonstrate to the public their commitment to deficit and debt elimination.

To date, five jurisdictions have passed balanced budget legislation in Canada: New Brunswick passed the *Balanced Budget Act* in 1993; Alberta passed the *Balanced Budget and Debt Retirement Act* in 1995; the Northwest Territories passed the *Deficit Elimination Act* in 1995; Saskatchewan passed the *Balanced Budget Act* in 1995; and Manitoba passed the *Balanced Budget, Debt Repayment and Taxpayer Protection and Consequential Amendments Act* in 1995 as well. The remainder of this section compares and contrasts these pieces of legislation.

Balanced Budget Requirements

Like Alberta's *Balanced Budget and Debt Retirement Act*, most Canadian balanced budget legislation requires that "expenditures during a fiscal year must not be more than revenue."[16] New Brunswick's legislation is the only exception: it states that "it is the objective of the Government of New Brunswick" that the budget be balanced - there is no explicit requirement that it be balanced.[17]

Alberta and Manitoba's legislation stands out because they require that the government's budget be balanced every year.[18] Under the NWT legislation, by contrast, a deficit of not more than "1% of the revenues for that fiscal year" is allowed so long as there is a "surplus in the next fiscal year in an amount not less than the amount of that deficit."[19]

The Saskatchewan legislation is the most lenient in its balanced budget requirements. The legislation requires the Minister of Finance to prepare a four-year financial plan after each general election. In each four-year plan, "the forecast of total expenses over the four fiscal years covered by the plan must balance with or be less than the forecast of total revenues over the same four fiscal years."[20]

Debt Elimination Requirements

Balanced budget legislation in Saskatchewan, Alberta and Manitoba contains provincial debt elimination requirements in addition to balanced budget requirements. This is in contrast to most American provisions which require that the size of state debt be regulated, not eliminated. Elimination or regulation of public debt is not mentioned in balanced budget legislation in either the NWT or New Brunswick .

The debt elimination requirements found in the Saskatchewan legislation are the most lenient. According to that province's legislation, the Minister of Finance must "prepare a four-year financial plan and a debt management plan" following each general election.[21]

Under the Manitoba legislation, a Debt Retirement Fund is established, into which a basic, yearly contribution must be made by the Minister of Finance. This basic amount shall be equal to the sum of:

(i) an amount equal to the greater of

(A) $75 million, and

(B) 1% of the amount of the net general purpose debt outstanding as at the end of the immediately preceding fiscal year,

and

(ii) 7% of all amounts transferred from the fund to revenue of the operating fund in preceding fiscal years.[22]

In most years, contributions to the Debt Retirement Fund are to be drawn from budgetary surpluses.

Alberta's legislation contains the most elaborate debt elimination schedule of all. Like Manitoba's legislation, the provincial government is required to make a minimum payment to reduce the "net financial debt." This minimum payment cannot be "less than $100,000,000 in each fiscal year...until the Crown debt is $0."[23] Unlike Manitoba's legislation, however, the Alberta legislation includes a time schedule for debt reduction which echoes the time-table proposed in the most recent American balanced budget amendment proposal. Alberta's schedule is as follows:

> (a) by the end of the 2001-02 fiscal year, it [the Crown debt] must have been reduced by an amount equal to 20% of the net financial debt;
>
> (b) by the end of the 2006-07 fiscal year, it must have been reduced by an amount equal to 40% of the net financial debt;
>
> (c) by the end of the 2011-12 fiscal year, it must have been reduced by an amount equal to 60% of the net financial debt;
>
> (d) by the end of the 2016-17 fiscal year, it must have been reduced by an amount equal to 80% of the net financial debt;
>
> (e) by the end of the 2021-22 fiscal year, it must have been reduced by an amount equal to 100% of the net financial debt.[24]

Any yearly budget surplus must also be contributed toward paying down the debt.

Extenuating Circumstances

Unlike American requirements, all Canadian balanced budget legislation allows for deficits to be incurred in extenuating circumstances. The NWT legislation is the most vague with respect to these circumstances: the legislation allows the Members of the Assembly to "consider whether the circumstances that resulted [in a deficit] were such as to be beyond the reasonable control of the [government]."[25] While Alberta's legislation is slightly more specific, it concentrates the discretion to determine the legitimacy of extenuating circumstances in one person rather than in the legislature as a whole. The Alberta legislation states that "at any time if, in the

opinion of the Provincial Treasurer, the money is urgently required because of an emergency or a disaster," a special warrant can be authorized by Cabinet to increase estimated expenditures above estimated revenues.[26]

The extenuating circumstances outlined in Saskatchewan's legislation do not mention any disaster or emergency: the legislation simply states that a deficit may be incurred "if a major, unanticipated, identifiable event or set of circumstances has had a dramatic impact on expenses or revenues in a fiscal year."[27] In the event of a deficit, the provincial finance minister must explain to the provincial legislature how it was incurred.

Manitoba's legislation contains the most specific set of extenuating circumstances in which a deficit may be incurred. According to the legislation, a deficit may be incurred in the event of: a) a "natural or other disaster in Manitoba that could not have been anticipated"; b) Canada being at war or under the apprehension of war; or c) "a reduction in revenue of 5% or more in a fiscal year...other than a reduction resulting from a change in Manitoba's taxation laws."[28]

Reportage of Deficit and Debt Status

All Canadian balanced budget legislation requires that the status of the deficit and/or debt be reported to the legislature. In Saskatchewan, the status of the debt and deficit must be tabled with the budget estimates.[29] Similarly in Alberta, the status of the debt must be tabled with the budget estimates. The status of the deficit, however, must be reported to the Alberta legislature by the Provincial Treasurer on a quarterly basis.[30]

In Manitoba, the Minister of Finance must report to the legislature on the status of the debt in a third quarter financial report, and again in the financial statements audited by the Provincial Auditor at the end of the fiscal year.[31] New Brunswick's legislation requires that the status of the debt and deficit be reported in the Public Accounts in the first fiscal period.[32] The NWT's legislation requires the Minister of Finance to submit to the Speaker of the Legislature interim public accounts which includes the status of the deficit "no later than 180 days after the end of the fiscal year."[33]

Punitive Actions

Like American balanced budget requirements, the Saskatchewan and Alberta legislation contain no punitive actions. Echoing American commentators, Saskatchewan's Finance Minister, Janice MacKinnon, claims that the power of public opinion is a sufficient threat to prevent a deficit from being incurred: "the people of this province, if this legislation is not abided by, will definitely fire the government."[34]

Unlike Saskatchewan, Alberta and most American states, balanced budget legislation in the Northwest Territories and Manitoba contains fairly strong punitive actions in the event that budgets are not balanced. Under the NWT legislation:

> If there is a deemed contravention of this Act, the Legislative Assembly shall determine whether to recommend to the Commissioner the revocation of the appointments of the members of the Executive Council [Cabinet]...[35]

Under Manitoba's legislation, members of Cabinet will have part of their pay docked if a deficit is incurred. According to the legislation, if the third quarter financial report indicates that a deficit will be incurred for the fiscal year, the amount paid to Cabinet members will be reduced by either of the following amounts:

> (a) 20%, in a case where expenditure did not exceed revenue in a manner not authorized by this Act in the fiscal year immediately preceding the fiscal year to which the [third quarter] report relates; or
>
> (b) 40%, in a case where expenditure exceeded revenue in a manner not authorized by this Act in the fiscal year immediately preceding the fiscal year to which the report relates.[36]

In the event where the third quarter financial report indicates that the budget will be balanced but by the end of the fiscal year a deficit is incurred, members of Cabinet will be docked 40 % of their pay. It should be noted that Cabinet Ministers can be refunded for any pay deductions incurred in the third quarter if the budget is balanced by the end of the fiscal year.

CONCLUSION: THE PROSPECTS FOR SUCCESS

Do formal balanced budget requirements actually force governments to balance their budgets? The American experience suggests they do not. First, not all portions of state budgets are covered by balanced budget requirements: only 19 states have requirements which cover all budget funds.[37] This means that the remaining states - 12 of which have requirements that apply to less than 50 percent of the overall budget - can easily shift programme funding from covered portions of the budget to funds not covered in the event that a deficit will be incurred.

Second, even though all American states (except Vermont) have some kind of balanced budget provision in place, at least one state has reported a deficit in each year of the past decade, as the following table illustrates:[38]

Fiscal Year	# States with Deficits	Fiscal Year	#States with Deficits
1983	6	1988	1
1984	1	1989	1
1985	2	1990	3
1986	3	1991	5
1987	2	1992	6
		1993	2

Having a legislated or constitutional balanced budget requirement does not necessarily prevent the accumulation of public debt either. In 1993, states' outstanding debt ranged from a high of $51.8 billion in New York to a low of $337 million in Kansas.[39]

If legislation in the United States has not forced state governments to balance their budgets, what can be expected of similar legislation in Canada? Given recent experience, the direct impact may be limited. In 1995-96, two provinces have balanced their budgets without the aid of balanced budget legislation: Newfoundland and Prince Edward Island. Both Alberta and Saskatchewan registered a budget surplus for 1994-95 - one year prior to the passage of their balanced budget legislation. Manitoba balanced its budget eight months before passing balanced budget legislation.[40]

The provincial record on balanced budgets confirms the National Association of Budget Officer's conclusion that public opinion is ultimately the most important factor in determining whether a government will balance its budget. To repeat NASBO's conclusion:

> For the majority of states, the most important factor contributing to balanced budgets is not an enforcement mechanism or a provision specifying how a shortfall will be made up. Rather, it is the tradition of balancing budgets, the mind-set this tradition creates, and the importance placed on balanced budgets that result in states complying with their requirements.[41]

In light of American and Canadian experience, formal balanced budget requirements appear, at best, to be a symbolic demonstration of a government's commitment to operating in the black. By enshrining this commitment in legislation or in a constitution, legislatures create a clear standard against which the public can measure a government's fiscal performance. And in a democracy, as Janice MacKinnon of Saskatchewan was keen to observe, the public can use such standards to force a non-compliant government out of office.

NOTES

1. Sondra J. Nixon, "Budget Amendments: An idea that never goes out of style," *Congressional Quarterly* (14 January 1995): 142.

2. While Wyoming and Virginia do not have formal requirements to balance their budgets, they do have a constitutional debt limit and a strong expectation for a balanced budget. Consequently, they are usually included among those states with a balanced budget requirement.

3. National Association of State Budget Officers, *Budget Processes in the States, 1992* (Washington: NASBO, 1992), Table F.

4. National Association of State Budget Officers, *State Balanced Budget Requirements: Provisions and Practice* (Washington: NASBO, 1992), p. 2.

5. NASBO, *Budget Processes*, Table W.

6. Ibid., p. 3.

7. Irene S. Rubin, *The Politics of Public Budgeting: Getting and Spending, Borrowing and Balancing*, 2nd ed. (Chatham: Chatham House Publishers, Inc., 1993), p. 166.

8. See, in general, David C. Nice, "The Impact of State Policies to Limit Debt Financing," *Publius: The Journal of Federalism* 21 (Winter 1991).

9. NASBO, *Budget Processes*, Table T.

10. United States General Accounting Office, *Balanced Budget Requirements* (Washington: U.S.G.A.O., 1993), p. 28.

11. After Congress initiates a constitutional amendment, three-fourths of the states must ratify it before it takes effect. It is interesting to note in this connection that in 1984, 32 states (out of a required 34) called for a constitutional convention to draft a balanced-budget amendment. No constitutional convention has actually been called since 1787. Since 1990, three states have voted to rescind their calls for a convention, fearing that the debate would lead to the entire Constitution being opened up for revision. See: Nixon, "Budget Amendments," *Congressional Quarterly* (14 January 1995): 144.

12. Reprinted in *Congressional Quarterly* (4 February 1995): 358.

13. George Hager, "What the Budget Rules Say," *Congressional Quarterly* (2 May 1992): 1143.

14. David Cloud, "GOP's Balancing Act Gets Tricky as Budget Amendment Sinks," *Congressional Quarterly* (4 March 1995): 671.

15. Gallup found that eliminating the deficit was consistently Canadians' number two public policy priority in polls conducted over the past year. Gallup, *National Results*, December 1994; January 1995; February 1995; and July 1995.

16. *Balanced Budget and Debt Retirement Act.* Statutes of Alberta 1995, c. B-0.5, s. 2.

17. *Balanced Budget Act.* Statutes of New Brunswick 1995, c. 23.

18. S.A. 1995, c.B-0.5, s.2; see also Bill 2, *The Balanced Budget, Debt Repayment and Taxpayer Protection and Consequential Amendments Act*, 1st Sess., 36th Leg. Manitoba (Assented to November 1995).

19. Bill 30, *Deficit Elimination Act,* 7th Sess., 12th Leg. Northwest Territories (Assented to May 1995).

20. Bill 62, *The Balanced Budget Act*, 5th Sess. 22nd Leg. Saskatchewan (Assented to May 1995).

21. Saskatchewan, Bill 62, s. 3(1).

22. Manitoba, Bill 2, s. 8(4).

23. S.A. 1995, c.B-0.5, s. 5(1).

24. Ibid., s. 4.

25. N.W.T., Bill 30, s. 5(4).

26. S.A. 1995, c. B-0.5, s. 9.

27. Saskatchewan, Bill 62, s. 4(2).

28. Manitoba, Bill 2, s. 3(2)a-c.

29. Saskatchewan, Bill 62, s. 3.

30. S.A. 1995, c.B-0.5, s. 11.

31. Manitoba, Bill 2, s. 6.

32. S.N.B. 1995, c.23, s. 4.

33. N.W.T., Bill 30, s. 4.

34. David Roberts, "Saskatchewan Introduces Balanced-budget Bill," *Globe and Mail*, 28 April 1995, p. A4.

35. N.W.T., Bill 30, s. 5(3).

36. Manitoba, Bill 2, s. 7(1).

37. NASBO, *Budget Processes*, p. 2.

38. This table is derived from testimony of Steven Gold, Director of the Centre for the Study of the States, State University of New York, before the Committee on the Budget, U.S. House of Representatives, at hearings held in Washington D.C. 12, 13, 19 May, and 3 June 1992, Serial No. 102-43, p. 205.

39. U.S. Bureau of the Census, *Statistical Abstract of the United States, 1993* (Washington: U.S. Government Printing Office, 1993), p. 300.

40. "The Provincial Budget Measures," *Toronto Star*, 20 April 1995, p. A21.

41. NASBO, *State Balanced Budget Requirements*, p. 3.